

GENERAL COUNSEL'S REPORT

April 26, 2017

- A. Metro Knoxville HMA, LLC, d/b/a, North Knoxville Medical Center, Powell (Knox County), TN - CN1206-027AM

North Knoxville Medical Center requests a modification from a mobile to a fixed service.

Unanimously approved on September 26, 2012 for the initiation of mobile Positron Emission Tomography - Computerized Tomography (PET/CT) Services 1 day per week.

CT did not require CON approval, but some machines combine PET/CT capabilities.

Modification to 3 days per week unanimously approved on February 25, 2015.

The equipment acquisition itself would not require a CON.

Agency Staff recommends the Approval of the request, because it would be more cost-effective and would not materially alter the service approved under CN1206-027AM.



MAR 24 '17 AM 10:11

March 22, 2017

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
502 Deaderick Street, Andrew Jackson Building, 9th Floor
Nashville, TN 37243

Re: CN1206-027AE – Request for Modification

Dear Ms. Hill:

We are requesting a modification to CN1206-027AE for mobile positron emission tomography/computerized tomography (PET/CT) services at Tennova Healthcare – North Knoxville Medical Center (NKMC). The CON was initially approved for one day of mobile services per week and was approved for expansion of services in 2015 to three days per week. Neither the original application nor the modification was opposed. We are requesting approval for a fixed unit, to replace mobile services, in our Outpatient Imaging department located at 7551 Dannaher Drive, Powell, TN 37849.

	# of scans, actual (IP and OP)	# of scans, projected	Increase YoY percentage
2013 Volume (Mar-Dec)*	217		
2013 volume annualized	260	250	
2014 Volume	457	320	75.80%
2015 Volume**	586		28.20%
2016 Volume	600		2.40%

*Services began in March 2013

**Services expanded from 1 to 3 days per week 2/25/2015

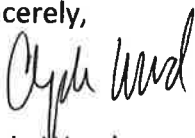
Mobile services are provided by Alliance Healthcare and Invivo Molecular Imaging. Average monthly expenses in 2016 for NKMC for this service were \$33,372 and an annual spend of \$400,465. Estimated costs for a fixed unit range from \$1.2M to \$1.6M which would cost NKMC for leasing on a 5 year term of \$18K to \$24K per month.

MAR 24 '17 4:10:01

NKMC remains Tennova's Healthcare most active and busiest cancer center. We have very active medical oncology and radiation oncology groups as well as number surgical specialties that support the oncology program. Over the last year, the medical oncology group has expanded physicians in their group, and we continue to see demand for diagnostic services and treatment of cancer. To meet growing demand for services, we also recently completed an addition of our second Linear Accelerator (CN1106-019AEME) in October of 2016. PET/CT is a very important part of our overall cancer program at NKMC. When mobile services were offered 1 day per week in 2013 at NKMC, it eliminated the need of patients to travel longer distances for diagnostic testing. When services were expanded to 3 days per week, even more patients were able to receive testing closer to home and closer to their physician offices. While mobile services for PET/CT have been beneficial, it is still not ideal. We are dependent on testing only on the days the mobile service is available. Also, patients often have to leave the comfort of a climate controlled area to go out to a mobile unit parked on a pad. While we minimize this with a covered awning, it still does not fully protect against the elements. We believe the most orderly approach to expanding services is through the addition of a fixed PET/CT unit. When our Outpatient Center was built in 2004, the planning group had built shelled space for a future fixed PET/CT unit. Given our volume growth, continued commitment to ongoing accreditation with the Commission on Cancer, and ongoing addition of services/medical staff we believe having a fixed PET/CT will help provide high quality services to the people of our 11 county service area.

We request this modification be considered by the Agency during its April, 2017 meeting. Thank you for your thoughtful consideration of this request.

Sincerely,



Clyde Wood

CEO – North Knoxville Medical Center

cc: Warren Gooch, Kramer Rayson, LLP



STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY

500 Deaderick Street
Suite 850
Nashville, Tennessee 37243
741-2364

October 24, 2012

Jeffrey D. Potter, Senior Vice President
Tennova Healthcare
200 E. Blount Avenue, Suite 600
Knoxville, TN 37920

RE: Metro Knoxville HMA, LLC d/b/a Tennova Healthcare--North Knoxville Medical Center -
CN1206-027A

Dear Mr. Potter:

As referenced in our recent letter, please find enclosed your Certificate of Need for the above-referenced application that was approved at the September 26, 2012, meeting of the Tennessee Health Services and Development Agency.

The Health Services and Development Agency Rules require that an Annual Progress Report be submitted each year and a Final Project Report form is to be submitted within ninety (90) days after completion of a project which shall include completion date, final costs, and other relevant information in regards to the project, pursuant to Public Acts 2002, Chapter No. 780, § 16-11-1609(d). Also required is the registration of certain medical equipment pursuant to Tennessee Code Annotated § 68-11-1607(i), which states "The owners of the following types of equipment shall register such equipment with the health services and development agency: computerized axial tomographers, lithotripters, magnetic resonance imagers, linear accelerators and positron emission tomography." "The survey shall include but not limited to the identification of the equipment and utilization data according to source of payment."

The aforementioned forms can be found on the Agency's website at www.tennessee.gov/HSDA. Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Hill", is written over the signature line.

Melanie M. Hill
Executive Director

MMH/MAB

cc: Teresa Hendricks, Division of Health Statistics, Office of Policy, Planning & Assessment
Ann R. Reed, Health Care Facilities - Licensure
Bill Harmon, Director of Engineering, Health Care Facilities

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. **CN1206-027A** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Metro Knoxville HMA Holdings, LLC dba Tennova Healthcare
200 E. Blount Avenue, Suite 600
Knoxville, TN 37920

For: Metro Knoxville HMA, LLC d/b/a Tennova Healthcare--North Knoxville Medical Center

This Certificate is issued for: The initiation of mobile positron emission tomography/computerized tomography (PET/CT) services at Tennova Healthcare – North Knoxville Medical Center (NKMC). Mobile services are being proposed for one (1) day per week.

On the premises located at: 7551 Dannaher Way
Powell (Knox County), TN 37849

For an estimated project cost of: \$1,309,471.00

The Expiration Date for this Certificate of Need is

November 1, 2015

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: September 26, 2012


Chairman

Date Issued: October 24, 2012


Executive Director



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

February 26, 2015

Jeffrey D. Potter, Senior Vice President
Tennova Healthcare
200 E. Blount Avenue, Suite 600
Knoxville, TN 37920

RE: Metro Knoxville HMA, LLC d/b/a Tennova Healthcare--North Knoxville Medical Center
Certificate of Need No. CN1206-027AE

Dear Mr. Potter:

On February 25, 2015 the Tennessee Health Services and Development Agency met in regular session to consider the request for a modification to the above referenced Certificate of Need.

This letter is to advise you that the Agency **approved** your request for modification to expand PET services from one day a week to three days a week.

The **original Certificate of Need** will need to be submitted to this office for revisions to reflect the approved request. The revised Certificate of Need will be returned to you following the next scheduled Agency meeting.

If you have questions or require additional information, please feel free to contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "JC", written over a horizontal line.

James B. Christoffersen
General Counsel

JBC/

cc: Trent Sansing, Division of Health Statistics, Office of Policy, Planning & Assessment
Ann R. Reed, Board for Licensing, Health Care Facilities
Bill Harmon, Director of Engineering, Health Care Facilities
Warren L. Gooch, Esq.
